



2003 residential property taxes paid in 2004

Several Indiana counties did not issue their 2003 property tax statements until after December 31, 2003, due to the statewide property tax reassessment.

If you paid some or all of your 2003 residential property taxes in 2004, you may be eligible to claim a 2003 property tax deduction on this year's tax return. **Note:** You cannot take the deduction for any payments that have already been claimed on your 2003 return (see **Step 2** below).

Complete the worksheet to see if you are eligible to claim the 2003 property tax deduction on this year's tax return, and to figure your deduction.



Step 1a Maximum deduction \$ **2,500**

Step 1b Did you claim the Lake County credit on line 26 of your 2003 Indiana individual income tax return, Form IT-40 (or on line 23 of your 2003 Form IT-40PNR)? If you answered **yes**, then STOP. You do not get a deduction. If you answered **no**, then go on to Step 2.

Step 2 Enter any property tax deduction claimed on your 2003 Indiana state income tax return (see **Note for Step 2*** below) \$ _____

Step 3 Subtract Step 2 from Step 1a (if zero or less, STOP. You do not get a deduction) \$ _____

Step 4 Enter the amount of property tax paid **for** 2003 in 2004 \$ _____

Step 5 Enter the **smaller** of Step 3 or Step 4 here and on Schedule 1, line 2, Box B \$ _____

*Note for Step 2

The maximum deduction you may claim for 2003 is \$2,500.

If you did not get a property tax statement during 2003 due to reassessment, but made a property tax payment to your county anyway, you should have claimed the amount paid (up to \$2,500) as a deduction on your 2003 tax return. Then, when you got the property tax statement in 2004, you would have paid the difference.

Therefore, if you've already claimed a deduction for property tax paid on your 2003 return, you must enter that amount on Step 2.

Example: Jennifer paid \$600 of her anticipated property tax in 2003, and claimed the deduction on her 2003 tax return. When she got her 2003 property tax statement in February of 2004, she owed \$400 more, which she paid in March 2004. On Step 2 she'll enter the \$600 she already deducted. Her Step 3 difference is \$1,900. She'll enter the \$400 amount paid in 2004 on Step 4. Since the Step 4 (\$400) amount is less than the amount on Step 3 (\$1,900), she'll enter \$400 on Step 5 and on Schedule 1, line 2, Box B.

CORRECTION

Notice: You may not claim the 2003 residential property tax deduction on your 2004 tax return (IT-40 Sch. 1, line 2, Box B, or IT-40PNR Sch. D, line 2, Box B) if you claimed the Lake County credit on your 2003 income tax return. See the new Step 1b for clarification.



Revised Version

See New Step 1b 3/9/05